Chinese media a quagmire for outsiders

By LYNNE REAVES

Hong Kong—Doug King snaps a smoldering cigaret out of his mouth and throws a copy of an American newspaper article down on his desk.

"This is rubbish. Unbelievable. Where did they get these figures?" demands the managing director of Interpublic-Jardine, one of the leading Hong Kong advertising agencies doing work in China.

Mr. King was staring at a copy of a story in the *Asian Wall Street Journal* about China tv that reported a U.S. company with ties to China Central Television was selling 60-second spots on the national channel for $35,000.

"This is ridiculous," Mr. King snarled. "You can buy that same ad time directly from CCTV or through us or other agencies at about $4,000 for 30 seconds," he says. "We spend a lot of time here studying the media in China. You have to, to do it right."

Indeed, the media available in China are a bewildering assortment that has scared away some foreign advertisers. Foreign companies are faced with hundreds of newspapers and magazines that can offer regional or national campaigns. Plus there are dozens of local and national tv and radio stations selling ad time.

How does a Texas businessman know whether he should spend his advertising dollars to try to reach the 5 million readers of *People's Daily* at about $63 a column centimeter, or go after the 16 million viewers of Shanghai tv for $1,200 for 30 seconds?

"Advertising can be very effective if it is done with planning in China," says Tom Gorman, president of Hong Kong-based China Consultants International. "But a lot of people are wasting a bunch of money in China doing it the wrong way. The president of a big company wakes up on a Sunday morning and reads a *New York Times Magazine story* about how China is the hottest thing since sliced bread and starts throwing his company's money at China. It is not difficult to waste a lot of money very quickly in China."

Coupled with the problem of selecting from the array of media is the unsettling fact there is very little readership or audience data available. No national media surveys have been conducted, although one-time surveys are being carried out in some cities.

"There are no properly audited figures, but some stats are out there," says Ronald Cromie, China affairs director of Hill & Knowlton. Hill & Knowlton in January became the first international public relations company to open an office in China. "They are not of the statistical standards that you would find in the U.S., but some information is around and we can spend a good deal of time trying to find it for some of our clients," Mr. Cromie said.

The People's Daily, China's leading newspaper, also distributes an overseas edition.

A foreign company can go directly to a newspaper, magazine or tv station and place an ad. However, because of the complexities of China, most turn to one of a handful of ad agencies that specialise in the China market or go to one of China's government-controlled advertising corporations, which can also place the ads.

All foreign ads are paid for in the currency of the nation buying the ad. Local businesses pay in local currency and pay lower rates. Advertising by joint ventures in China is handled on a case-by-case basis, with the price and type of currency to be negotiated.

While there is no central Chinese media-censorship body for ads, each publication or station is responsible for censoring its own contents.

In 1982, the government did say that advertising should be clear and truthful and should not "hoodwink or deceive end users and consumers." The government also said advertisements should not contradict state policies, divulge state secrets, be harmful to the dignity of China nationalities or be reactionary, obscene, crude, superstitious or slanderous.

Most products, even many that are not available to the average Chinese, can be advertised, but cigarets, wines and liquor cannot, except in hotels where foreigners stay and in stores where they shop.

Tv is one of the big growth areas for advertisers in China today. Watching the tube has become so popular some Chinese call it the new national pastime. There are 56

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China's media

TELEVISION

Tv is becoming the Chinese national pastime. According to the official Xinhua News Agency, 200 million Chinese watch tv, making them the world's largest viewing audience. There are 56 tv stations in China and advertising campaigns can be done nationally, regionally or locally. Major cities are served by two or three channels.

Station	Cover (million)	Cost of :30
CCTV Channel 2	300.0	$4,000
CCTV Channel 8	3.2	1,340
Guangdong TV (Canton)	50.0	1,413
Beijing Municipal TV	3.2	708
Fujian TV	9.0	398

NEWSPAPERS

There are hundreds of newspapers which accept advertising in China, however, reproduction generally is considered poor. The only English-language newspaper, *China Daily*, is headquartered in Beijing and distributed in a number of Chinese c[illegible] and several major western cities.

Newspaper	Circulation	Freq.	Rate/col. cm.
People's Daily	5,000,000	Daily	$63
Qianshi Zhoubao	3,000,000	Weekly	40
Jishi Zhoubao	3,000,000	Weekly	14
Worker's Daily	2,700,000	Daily	32
Broadcast & TV Weekly	1,800,000	Weekly	16
Economic Daily	1,500,000	Daily	28
Guangming Ribao	1,800,000	Daily	28
Xinmen Evening Pao	1,500,000	Daily	19
Sichuan Ribao	1,300,000	Daily	19
Beijing Ribao	1,200,000	Daily	30
China Daily (in English)	75,000	6/Weekly	8.50

MAGAZINES

Readers looking for an equivalent to Time or Newsweek in China will be disappointed. However, there is a mass of hundreds of magazines for advertisers to choose from. Most are considered trade publications, focusing on specific audiences. Prices are quote for four-color full-page ad.

Magazine	Circulation	Freq.	Back cover
Technical and Industrial Radio	1,300,000	Mthly	$3,710
Tourism World	350,000	Qtrly	2,085
Guangzhou-Arts & Culture	250,000	Mthly	1,580
Tour	800,000	Mthly	1,485
Mobile Technique	300,000	Mthly	1,413
International Aviation	75,000	Mthly	1,060
Exploration Engineering	35,000	Bi-Mthly	954
Foreign Metal Mining	33,000	Mthly	885
Hydraulics	40,000	Bi-Mthly	812
Yalajian (cultural magazine)	120,000	Mthly	503 (b&w)

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CCI

Frontier

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on saving memories. Well, the Chinese don't want too many memories. Memories mean the cultural revolution, and they would happily forget that. What they want are today's memories—birthday parties, weddings—so you have to be very careful in choosing what is appropriate."

As western companies plan their advertising strategies for China, these companies often look to the Japanese to see what they are doing correctly because of their dominance among foreign advertisers in China.

"The top 10 advertisers in China are Japanese," says Mr. Reid. "The whole philosophy of the Japanese is different. They believe in the long term, and in China that is very important."

An example is Sony Corp., the Japanese electronic goods manufacturer. The company is a big advertiser in China and has a huge outdoor board in downtown Beijing that advertises many of its products.

The Japanese started advertising many of their products in 1979 before the goods were available in China. Now that the products are being sold, the Japanese have a clear edge over their competitors.

"The Japanese were very smart," says Mr. Reid. "I would certainly advise a western company that is serious about entering the China market to begin advertising their name now even if their products are not available. A lot of companies have a hard time understanding that no one in China has ever heard of them."

Guidelines

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Chinese saying about a long journey starting with a single step really does apply. Until both sides get used to each other, the less complex the project the better.

The Chinese have only limited experience with the flexible trade terms the open-door policy now permits, and the economy (as well as the culture) can absorb only limited change.

A fourth rule is to work at establishing a strong corporate presence. This lets Chinese at all levels know the requisite long-term commitment has been made.

A corporate presence means not only staff commitments and money, but also a willingness to work to establish a strong corporate image.

In the end, the rule that applies to any gold rush also applies to China: The prospector must be willing to take risks and live with the losses and frustrations associated with the search for a bonanza.

That the search is more than worth it seems abundantly clear from the growing list of consumer-product companies now staking their claims.

Mr. de Keijzer is president of A.J. de Keijzer & Associates, New York, a consulting company specializing in the development of trade between the U.S. and the People's Republic of China. He is author of the 'JAL Guide to Doing Business with China" and co-author of "The China Guidebook."

Media

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tv stations for advertisers to choose from. Rates vary significantly, but campaigns can be done naticnally, regionally or locally.

According to the goverment's Xinhua News Agency, 200 million Chinese watch tv, the world's largest audience.

What they are watching has changed dramatically. Gone are the days when the only thing on the air was hours and hours of one party official reading the works of Mao. Today, while there is still some of that, there are movies, variety shows, sports broadcasts and cartoons.

Last year, China tv also began airing a 64-hour package of news, sports and entertainment programing from CBS. According to the *China Business Review*, CBS agreed to split with CCTV the revenues of the sale of 320 minutes of commercial time, which could be sold to as many as 10 foreign sponsors for as much as $300,000 for a 32-minute package.

Some of the biggest foreign companies advertising in China, such as Boeing and IBM, have bought time on the package as well as time on other Chinese programing.

"When the Chinese find a response card to an ad in a magazine, they send it in, and they really expect to get something in response from the advertiser."—Tom Gorman, media consultant

Advertising in trade journals

Trade journals covering a vast assortment of industries ranging from aviation and engineering to tourism and mining also are extremely popular in China, and some now-popular western products, such as Kodak cameras, first introduced themselves through the trade press. Many of the magazines do not accept full-color advertising, and the position of the ad in the magazine often is restricted.

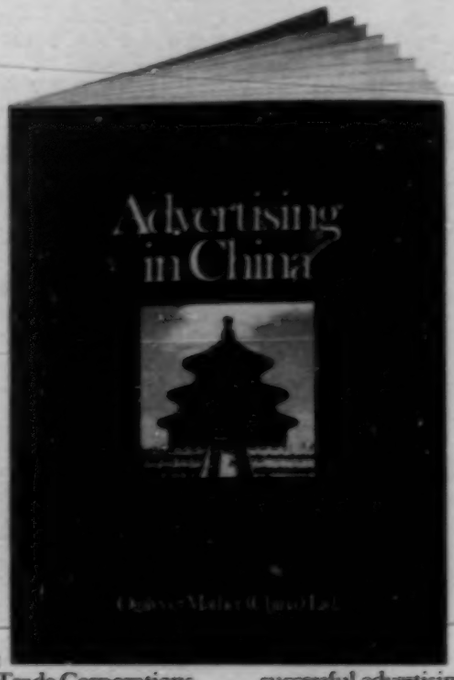
There also are a few western trade publications that are being translated into Chinese and distributed here.

Mr. Gorman's China Consultants International has a joint venture with McGraw-Hill to translate some of the publishing company's trade magazines (complete with ads), such as *Aviation Week*, and distribute them in China. This year, three issues of *Aviation Week* will be translated and sent to China, each with about 100 ad pages.

"The response to advertising in China is phenomenal," says Mr. Gorman. "When the Chinese find a response card to an ad in a magazine, they send it in, and they really expect to get something in response from the advertiser. If they don't get the catalog or whatever it is they were supposed to get, they keep writing until they do. Don't forget, the cultural revolution is not that far in the past. Ten years ago it would have been considered treason to respond to any foreign advertising."

The special section on China was written by Lynne Reaves, Advertising Age's Hong Kong correspondent and edited by John Wolfe, assistant international editor in Chicago. The package was designed by Bob Zeni, Ad Age graphics editor.

An invitation to profit from Ogilvy & Mather's close partnership with China



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Ogilvy & Mather is formally associated with China's eight major Advertising Corporations. This partnership has been of great benefit in developing programs for such clients as American Express, Boeing and General Foods.

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奧美

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Mail this coupon to: Helen Freeman, Ogilvy & Mather Worldwide, 2 East 48th Street, New York, NY 10017. Outside the U.S.A. write to: Harry Reid, Regional Director, Ogilvy & Mather Worldwide, 7th Floor, Mosers Parker House, Tudton Shing, Hong Kong.

Tv pricing

(Continued from Page 1)

Wednesdays and Saturdays.

- If the networks were to consistently get these prices and sell out their inventories, the three-network total weekly revenues this fall could reach $196.8 million, although the actual figure will be less than that.
- If the networks were to sell out all 12 minutes of advertising per prime time hour and if they were to receive the rates shown in the accompanying chart (neither of which is likely), the maximum potential revenue for each network on a night-by-night basis would be:

Sunday: ABC, $11.5 million; CBS, $13.6 million; NBC, $10.9 million.

Monday: ABC, $10.7 million; CBS, $10.2 million; NBC, $8.5 million.

Tuesday: ABC, $8.2 million; CBS, $7 million; NBC, $9.5 million.

Wednesday: ABC, $12.7 million; CBS, $7.1 million; NBC, $8.5 million.

Thursday: ABC, $8 million; CBS, $11.2 million; NBC, $13.6 million.

Friday: ABC, $7.1 million; CBS, $10.3 million; NBC, $8 million.

Saturday: ABC, $7.8 million; CBS, $7.2 million; NBC, $6.2 million.

The average prices for 30-second prime time spots were culled from agency and network sources and reflect prices only during the fourth quarter, traditionally one of the most expensive periods. Each network has price "breaks" which reflect demand during a particular period. For example, prices plummet the beginning of January when advertiser demand is softest. Prices break upward in February, when demand picks up, then peak in April.

An especially strong schedule for one network on a given night can damage the competition's profit seriously. ABC has been a longtime nemesis for CBS on Wednesday nights, and CBS' prices reflect the problem. The network wiped its slate clean this season, and some advertisers were less than enthusiastic. One source insists he picked up some of the new shows for a "dime"—about $60,000 per 30 seconds.#

Advertisers holding on tv football buys

By ROBERT RAISSMAN

Tv ratings for football are rebounding from the disastrous 1984 season, but advertisers have been slow to return and pricing remains soft.

College football faces a more severe problem than the National Football League, and some agency executives say if the glut of college games isn't controlled, the sport could be heading for extinction on tv.

Steve Leff, exec-vp, Backer & Spielvogel, New York, said colleges will be forced to reevaluate their tv situation in the wake of the 1984 U.S. Supreme Court decision that ended the National Collegiate Athletic Assn.'s role as an exclusive broker of tv rights.

'Too much college football'

"I don't want to fly in the face of a Supreme Court decision, but unless college football does something to regulate itself, to clean itself up, in terms of the number of packages sold to different types of broadcast outlets, it's just going to kill the sport," said Mr. Leff. "College football doesn't perform badly [in terms of ratings], but there is just too much of it there and there are not enough dollars in the marketplace to suck it all up."

CBS and ABC, the two networks that carry college football, are a bit ahead of last year in terms of sales. "College football sales are better than last year," said Jake Keever, vp in charge of sales, ABC-TV Network. "The average unit cost is up 25%. But I'm not saying we don't have avails. I'm not saying the market is strong, but I feel that it is turning around."

ABC's College Football Assn. package prices 30-second spots between $35,000 and $40,000, while CBS is getting about $30,000. Network prices are slightly higher than last year, but stand-alone 30s may cost less because many college football buys are packaged with NFL ad schedules.

Some advertisers are playing a waiting game, trying to take advantage of the soft market. AT&T once again is withholding a substantial part of its sports budget—reportedly as much as 50%—with the intention of cutting deals on two and three-week mini-packages during the season. With the market soft and availabilities present close to game time, AT&T can "cherry pick" the best matchups as the season progresses. The strategy transfers the risk of living with a schedule set before the season from the advertiser to the network or syndicator.

Robert Watson, corporate media director, AT&T, declined to say how much of its sports budget was being held back.

Continues same tactics

"Basically, we are employing the same tactics we used in sports last year," Mr. Watson said. "We relied on the softness of the market to make some opportunistic deals. The football marketplace seems to be the same as it was last year."

Industry experts expect the sports market to tighten in November and December; in part, because sports will be used to cover "make-goods."

Most syndicators, as well as Turner Broadcasting System and ESPN, are feeling the softness in the football market, but not to the extent they did last season.

Fred Botwinik, president of TEN, a syndicator carrying eastern independent colleges, said the package is selling a bit better than last year because CBS Sports is not programing an early game in the East.

"Advertisers are also not confused as to who is carrying what, as they were last season, because there are fewer syndicators," Mr. Botwinik said. Mr. Botwinik said 30-second spots for the eastern games, which include independents Boston College, Notre Dame, Syracuse and University of Pittsburgh, are selling for $8,000.

Sales better than '84

Charlotte, N.C.-based Raycom, which syndicated this season's college opener, the Kickoff Classic, as well as the Big 8 and southwestern conferences and the University of Miami, says sales are ahead of last year.

Dee Ray, exec-vp, Raycom, said, "Last year was unusual because of the timing of the Supreme Court decision, but for the last seven years I've tracked sales and they are traditionally slow in September and October."#

Networks' 30-second price list, 1985-86 season

Despite NBC-TV's close second-place finish last season, CBS-TV remains the network getting the most dollars per 30-second spot in prime time. The following chart shows the average price of a :30 for every prime time network show during the fourth quarter, 1985. While the average network :30 this season costs $118,840 (up from about $100,000 last season), CBS' average is tops at $120,700, while ABC is last at $117,700. NBC averages $118,100. *Advertising Age* culled these prices per program from interviews with agency and network sources.

MONDAY		Hardcastle & McCormick $90-115,000		NFL Monday Night Football $175,000		
		Scarecrow & Mrs. King $120,000		Kate & Allie $160,000	Newhart $150,000	Cagney & Lacey $150,000
		Bloopers & Practical Jokes $105,000		NBC Monday Night Movies $125,000		
		Who's the Boss $120,000	Growing Pains $100,000	Moonlighting $140,000		Our Family Honor $100,000
TUESDAY		Hometown $75,000		CBS Tuesday Night Movies $110,000		
		The A-Team $145,000		Riptide $125,000		Remington Steele $125,000
		The Insiders $120,000		Dynasty $235,000		Hotel $175,000
		Stir Crazy $70-85,000		Charlie and Company $70-85,000	George Burns' Week $70-90,000	The Equalizer $115-125,000
WEDNESDAY		Highway to Heaven $120,000		Hail Town $105,000		St. Elsewhere $130,000
		The Fall Guy $85,000		Dynasty II: The Colbys $130,000		20/20 $110,000
		Magnum, P.I. *$110,000*		Simon & Simon *$180,000*		Knots Landing *$175,000*
		Cosby Show $270,000	Family Ties $220,000	Cheers $175,000	Night Court $155,000	Hill Street Blues $155,000
THURSDAY		Webster $120,000	Mr. Belvedere $110,000	Diff. Strokes $95,000	Benson $100,000	Spenser: For Hire $75,000
		Twilight Zone $95-100,000		Dallas $195,000		Falcon Crest $135,000
		Knight Rider $92,000		Misfits of Science $75,000		Miami Vice $165,000
FRIDAY		Hollywood Beat $85,000		Lime Street $125,000		Love Boat $100,000
		Airwolf $85-100,000		CBS Saturday Night Movie $100,000		
		Gimme a Break $95,000	Facts of Life $95,000	Golden Girls $100,000	No. 227 $80,000	Hunter $75,000
SATURDAY		Believe It or Not! $80,000	MacGyver $95-115,000	ABC Sunday Night Movie $145,000		
		60 Minutes $195,000	Murder, She Wrote $130,000	Crazy Like a Fox $125,000		Trapper John, M.D. $115,000
		Punky Brewster $80,000	Silver Spoons $80,000	Spielberg's Stories $135,000	Alfred Hitchcock $135,000	NBC Sunday Night Movies $120,000

Coloring

(Continued from Page 2)

lightening their hair (AA, April 1).

Clairol's and Sassoon's new products fall into two camps: Permanent hair coloring that has to grow out, and temporary coloring that washes out after shampooing.

Ultress, a permanent gel endorsed by "Dynasty" star Linda Evans, is seen by some as Clairol's first major new-product broadside against L'Oreal, which has been tenaciously pursuing Clairol.

L'Oreal first pitted its Preference against Nice 'n Easy and then set Avantage on Clairol's Loving Care. The result so far has been a slow but steady increase in L'Oreal's market share to 23.3%, leaving Clairol with a decreasing but still dominant share of 60%.

Some financial analysts fear Ultress may cannibalize Clairol's Nice 'n Easy, but chain drug retailers point out that Ultress, with a price of about $4.80, will cost about $1.50 more than its sister brand (about $3.35). The only other major brands that sell for $4-plus are Preference and Avantage.

At Vidal Sassoon, whose products are referred to as "color without commitment," the focus is on easy-to-apply, rub-in and wash-out temporary color. The Sassoon product will cover gray and last through eight washings, says Sassoon president Peter Wilson.

Among the advantages of temporary color products, he believes, is that "they are quick, one-step operations. . .Most younger women today want subtle highlighting or color, which they view almost as a fashion accessory."

Sassoon could be onto something. Salomon Brothers vp Diana Temple calls Chattem's Sun In the biggest competitive surprise of 1985. Though its share is small (4.5% in supermarkets), it is up three points this year compared with two point declines each in the same retail outlets for Clairol and L'Oreal. Sun In dollar sales are up 40.1%, according to Ms. Temple who believes this suggests that women may indeed "prefer a more natural method of hair coloring."

The dogged competitiveness between L'Oreal and Clairol on existing brands, intensified by the rush of new products, is driving ad spending up in the category. In 1984, according to Leading National Advertisers, almost $41 million was spent, 71% of that by Clairol alone. This year, Salomon Brothers vp Patricia Lea is projecting category spending of $57.5 million, 65% which she thinks will come from Clairol. She sees Clairol spending will be up to $37.5 million this year from $29 million last year.

The Ultress commercial, breaking today, shows Linda Evans at a party with six other top fashion models, including Tara Shannon, as Ms. Evans tells viewers, "Let's face it: 40 isn't fatal." Print advertising will begin later this fall, tying in with a coupon drive in November.

Mr. Wilson said the Sassoon print and tv advertising, scheduled to be shot in October, will begin running around March, 1986. Handled by Peter Rogers Associates, New York, Mr. Wilson said the ads will be "very fashionable, very stylish."#